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27 August 2015

The Manager, Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

HORIZON OIL (HZN)
CORRECTION TO ANNUAL RESULTS PRESENTATION

The financial results presentation released on 25 August 2015 contained transpositional and arithmetic errors in relation to the Maari and Stanley 2P reserves estimated at 30 June 2015. The revised presentation attached incorporates corrections to slides 5 and 11 of the presentation, resulting in a small increase in the estimated overall reserves.

The Company further notes that the commentary in the directors' report released on 25 August 2015 contained a numerical error on page 3 in relation to elements composing operating costs for the year. The sub-total of production costs was US18.5 million, as set out in note 7 of the audited financial statements, rather than the US$9.9 million incorrectly noted in the commentary. There is no change in the commentary with respect to the stated operating costs of US$60.0 million or the production costs of US$14.1/boe.

Yours faithfully,

Michael Sheridan
Chief Financial Officer / Company Secretary

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Horizon Oil

Financial Year 2015
Financial Results
25 August 2015

ABN 51 009 799 455

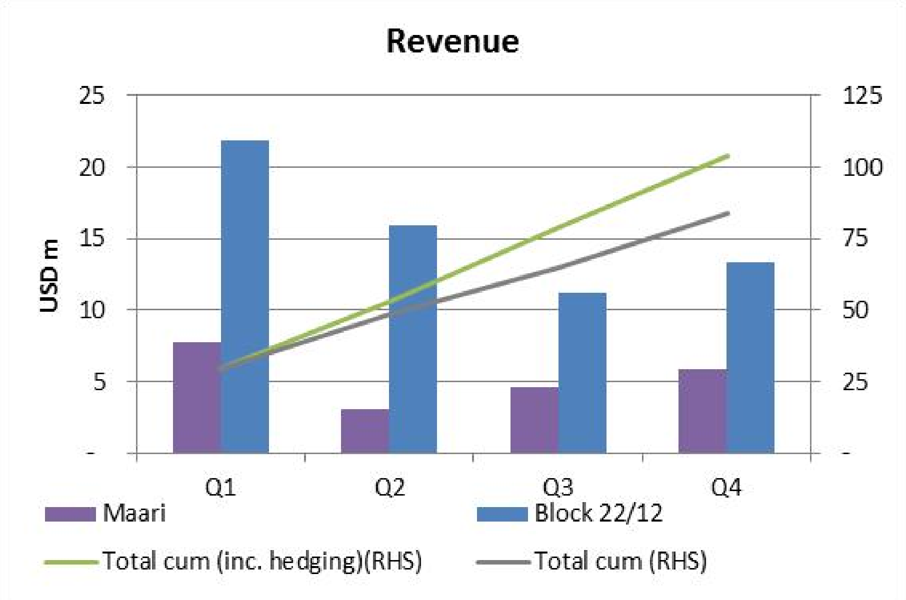
Financial year highlights

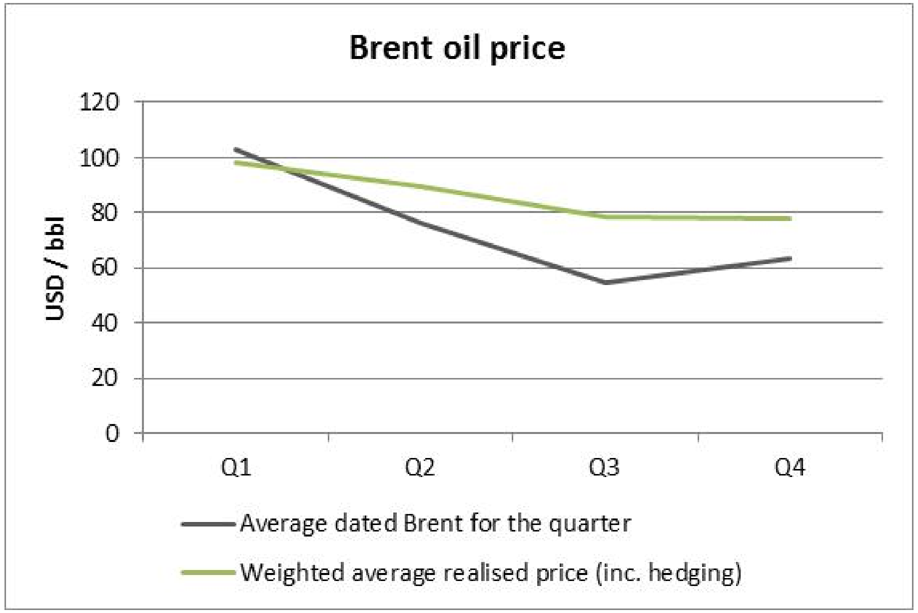
Performance	1,310,485 barrels produced, sales of 1,214,488 barrels at an average realised price (net of hedging) of US$85.6 per barrel, generating revenue of US$104.0 million, with operating expenditure of US$60.0 million.
Cash	US$61.3 million cash on hand at 30 June 2015. Net cash from operating activities of US$66.8 million was offset by development and exploration drilling, and growth projects to exploit further reserves.
Production	Combined production rate of Maari and Beibu Gulf fields ~4,100 bopd at year end net to Horizon.
	Cumulative gross oil production since commencement, as at 30 June 2015: Maari field 27.0 million barrels; Beibu Gulf fields 9.0 million barrels.
Profit & Loss	Profit after tax of US$18.3 million.
	EBITDAX of US$89.1 million, including US$20.3 million of hedge gains realised.
Capex	US$83.0 million capital expenditure was incurred on development wells China and New Zealand (including the Maari Growth Projects), and exploration wells in China and Papua New Guinea.
Debt	Financial close was achieved on a US$120 million revolving cash advance facility in May 2015,refinancing the previous facility on improved terms. The facility incorporates an additional US$50 million “accordion” tranche to accommodate, if required, redemption of the US$80 million convertible bonds in June 2016.
	The company expects to have available substantial additional cash reserves to meet redemption obligations under the Company’s US$80 million 5.5% convertible bonds maturing in June 2016.
	Net debt to EBITDAX of < 2.

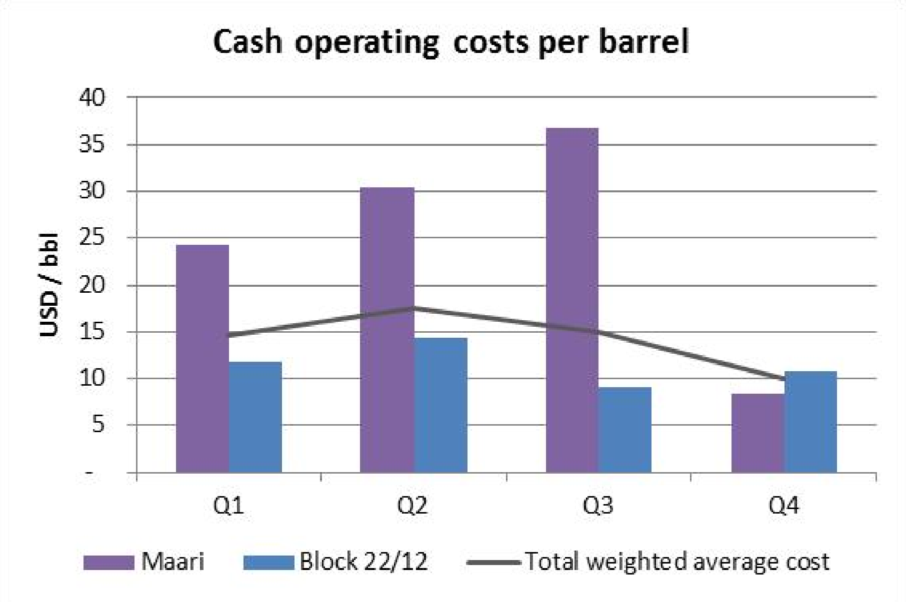
Operational results

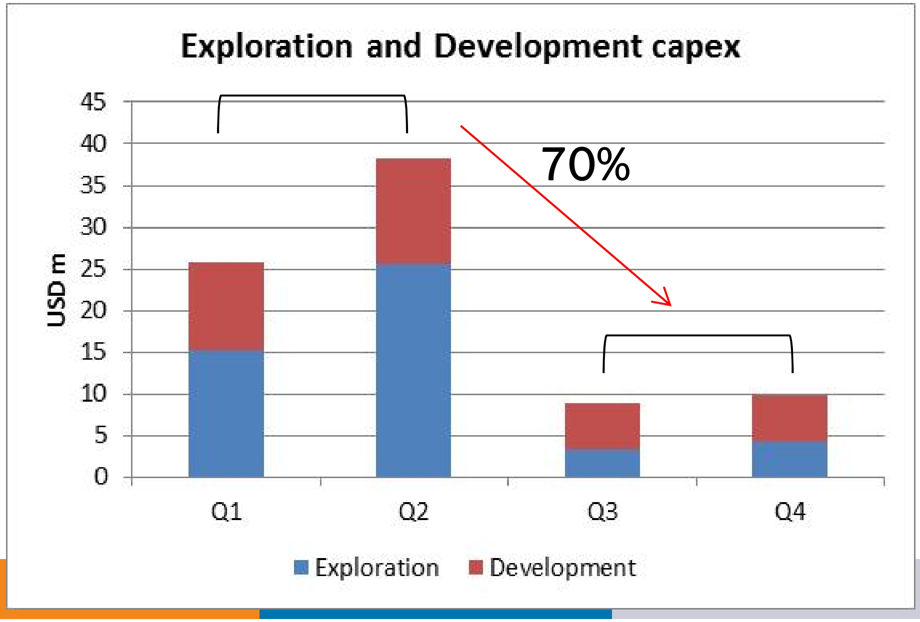
HSSE	LTIFR of 0.0 (Lost Time Injury Frequency Rate), TRIFR of 0.9 (Total Reportable Injury Frequency Rate) at 30 June 2015 over a 12 month rolling ~1.1m manhours.
	No significant loss of containment incidents (<1 barrel of oil equivalent).
China	Continued strong production from combined WZ 6-12 and WZ 12-8W fields producing > 10,000 bopd gross at period end (HZN share > 2,750 bopd) with 3.7 mmbo gross produced during financial year 2015 (1.0 mmbo net to HZN).
	Two successful exploration wells drilled; WZ 12-10-1 adjacent to the WZ 12-8E field, and WZ 12-10-2 1.6 km northeast of the existing WZ 12-8W facilities. WZ 12-10-1 and WZ 12-10-2 add a combined gross 2P+2C Reserves and Contingent Resources of 7.1 mmbo (1.9 mmbo net to HZN).
	Continued reduction in operating costs, with average cash cost for the year of US$11.50/bbl.
New Zealand	Production during the period of ~8,600 bopd (860 bopd net to HZN), with 3.2 mmbo gross produced during financial year 2015 (317,000 bbls net to HZN).
	Successful completion of the Maari Growth Project, with production in excess of 16,000 bopd in July 2015.
	Insurance recoveries of US$6.6m received in relation to FPSO *Raroa* swivel and mooring repairs in 2013, with a further ~US$3m expected associated with loss of production during field shut-in.
Papua New Guinea	Successful drilling of two development wells Stanley-3 and -5 commencing the development, with a value engineering process undertaken by the joint venture underway to ensure optimisation of process and costs in light of market conditions for oil prices.
	Additional studies and FEED continues in PRL 21, along with landowner, environmental and technical matters.

Highlights for financial year ending June 2015

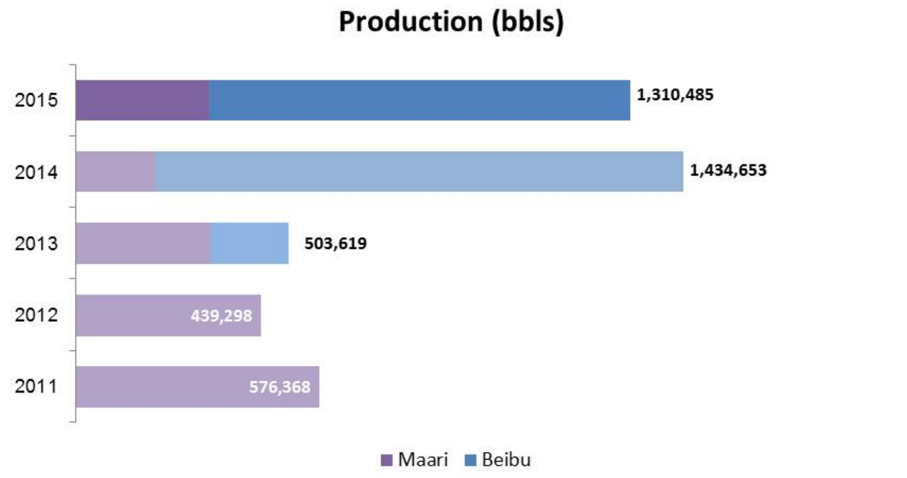




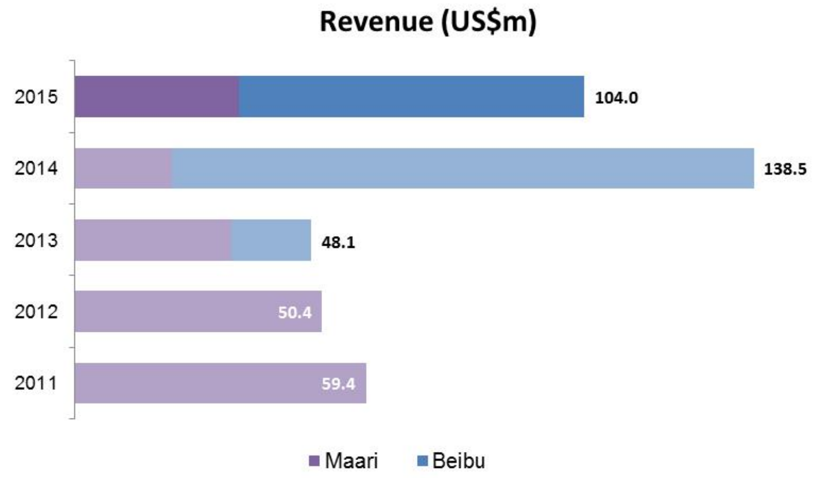




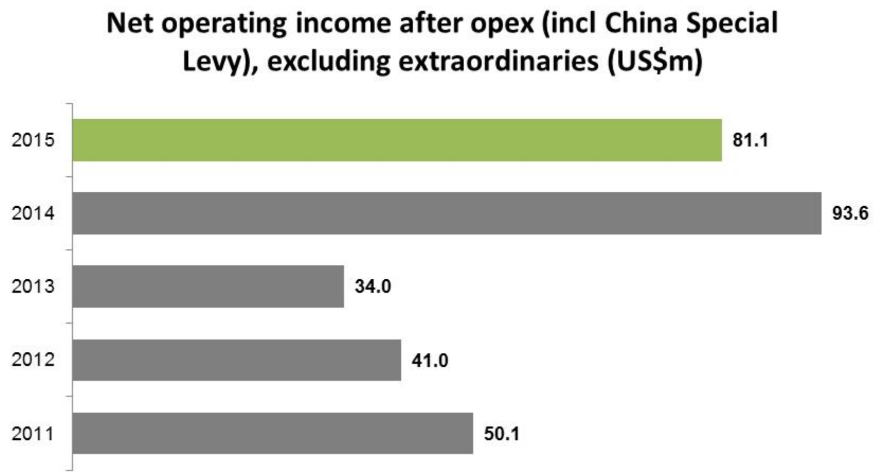
Five year financial year performance



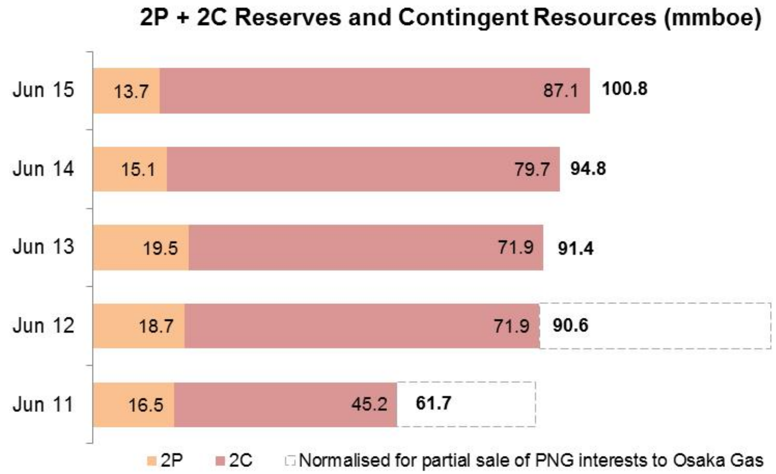
Completion of Maari Growth Project in July 2015 expected to increase production in 2016.



The outlook for 2016 in the current oil price environment remains positive due to the benefit of oil price hedging



Average cash cost of US$14.10/barrel for the year expected to be maintained during the low oil price environment



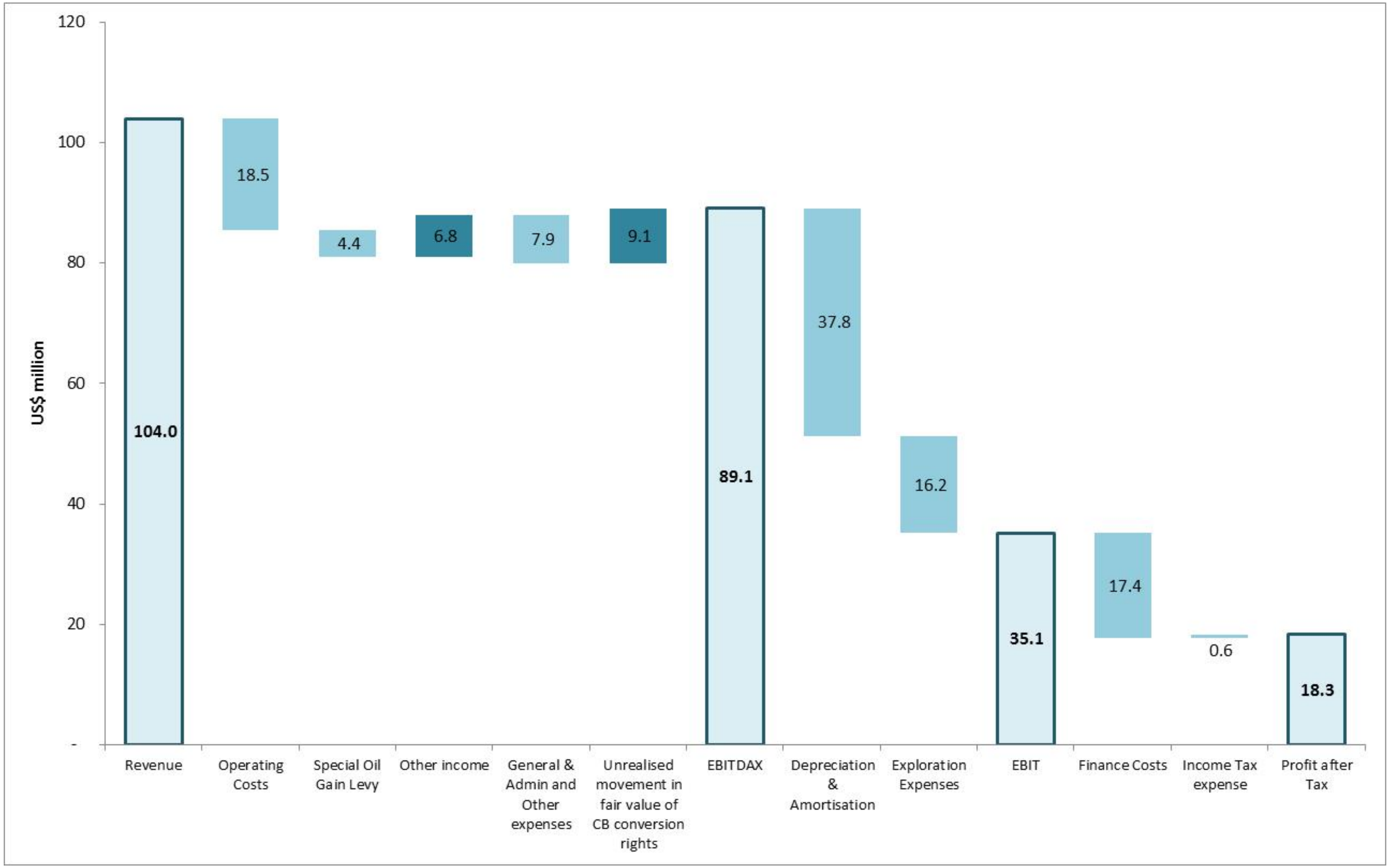
Reserves for each year end are adjusted to account for the prior year's production.

Profit and loss

	12 Months to June 2015 (US$ million)	12 Months to June 2014 (US$ million)	Change (US$ million)	Change (%)
Production	1.31 mmbo	1.43 mmbo	(0.1) mmbo	(9%)
Sales	1.21 mmbo	1.36 mmbo	(0.2) mmbo	(11%)
Realised oil price	US$85.59/bbl	US$102.10/bbl	(US$16.5)/bbl	(16%)
Sales revenue	104.0	138.5	(34.5)	(25%)
Gross profit on oil sales	44.0	45.7	(1.7)	(4%)
Unrealised gain/(loss) on revaluation of conversion options on bonds	9.1	23.8	(14.7)	(62%)
EBITDAX*	**89.1**	**99.5**	(10.4)	(10%)
EBIT*	**35.1**	**48.9**	(13.8)	(28%)
Profit before Tax	17.8	30.0	(12.2)	(41%)
Net Profit after Tax	**18.3**	12.8	5.5	43%

*Note - EBITDAX and EBIT are financial measures which are not prescribed by Australian Accounting Standards and represent the profit under Australian Accounting Standards adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure. The Directors consider EBITDAX and EBIT to be useful measures of performance as they are widely used by the oil and gas industry. EBITDAX and EBIT information have not been subject to any specific audit procedures by the Group's auditor but have been extracted from the audited financial report for the year ended 30 June 2015.

Profit and loss analysis



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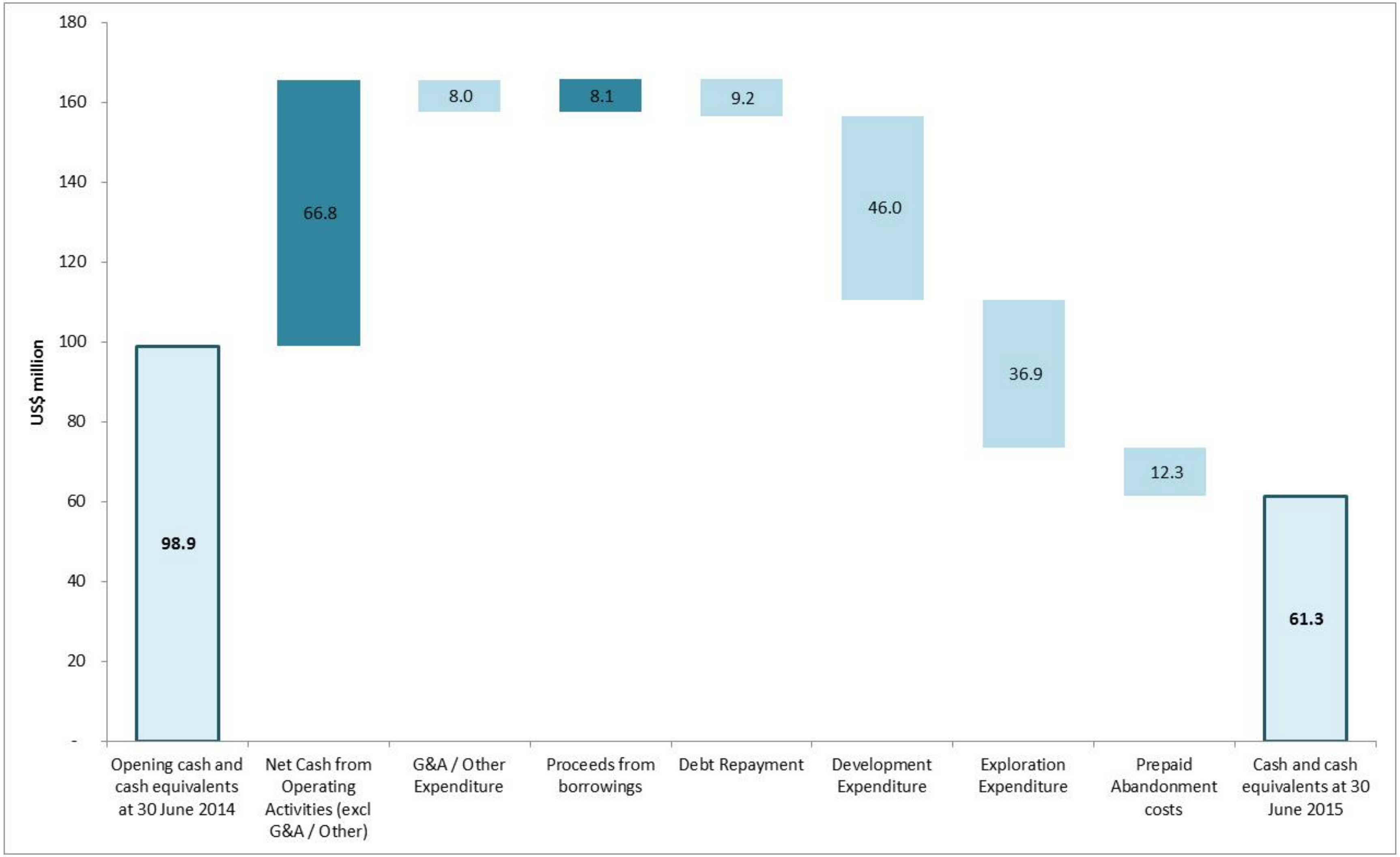
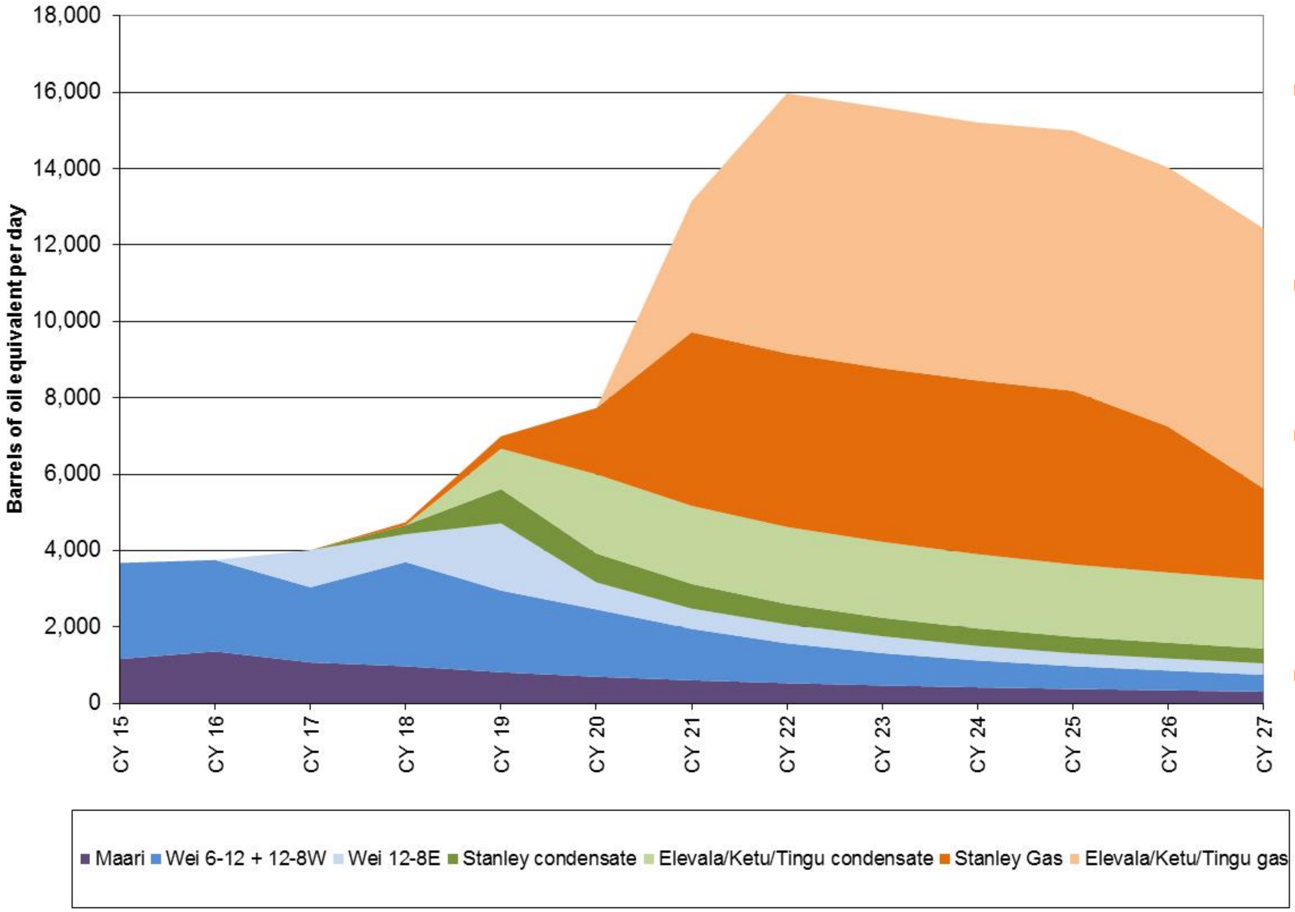
Cash flow

	12 months to June 2015 (US$ million)	12 months to June 2014 (US$ million)	Change (US$ million)	Change (%)
Opening cash	**98.9**	**19.0**	**79.9**	**421%**
Net cash from operating activities (excl G&A/other)	66.8	75.1	(8.3)	(11%)
General & Administrative	(7.0)	(8.2)	1.2	(15%)
Other expenditure	(1.0)	(2.6)	1.6	(62%)
Net proceeds/(repayments) relating to debt	(1.1)	(15.1)	14.0	(93%)
Proceeds from issue of shares	-	46.8	-	-
Investment Activities				
Development expenditure	(46.0)	(50.5)	4.5	(9%)
Exploration expenditure	(36.9)	(42.4)	5.5	(13%)
Reimbursement of past expenditure	-	23.2	-	-
Proceeds from sale of assets	-	53.6	-	-
Prepaid abandonment costs	(12.3)	-	(12.3)	-
Closing cash	**61.3**	**98.9**	**(37.6)**	**(38%)**

Cash flow analysis



Forecast net production from Reserves + Contingent Resources as at 1 July 2015

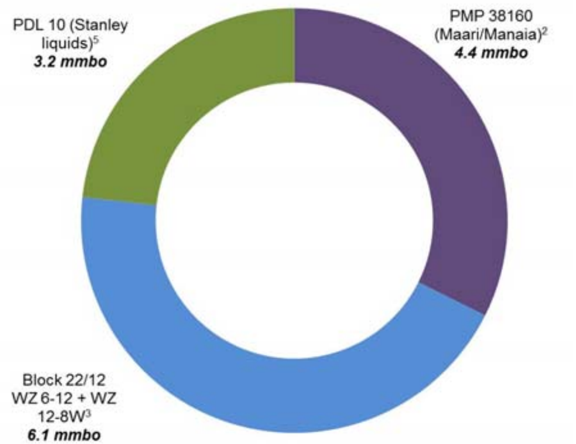


<u>Assumptions</u>

- Development of WZ 12-8E field with production commencing 2017
- Development of 12-10-1 and -2 fields in Beibu Gulf in 2018
- Stanley condensate start-up with gas sales to OTML commencing 2018, with further large scale gas sales in 2020
- Early condensate monetisation in PRL 21 commencing 2019, with gas sales commencing 2021

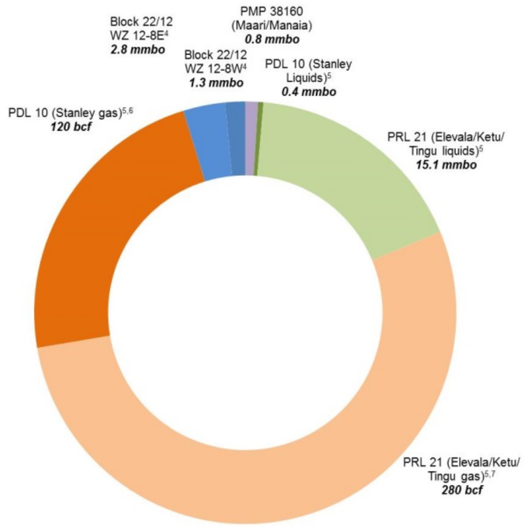
Net Reserves[1], Contingent Resources[1] and Prospective Resources[1] as at 30 June 2015

RESERVES
Proven + Probable



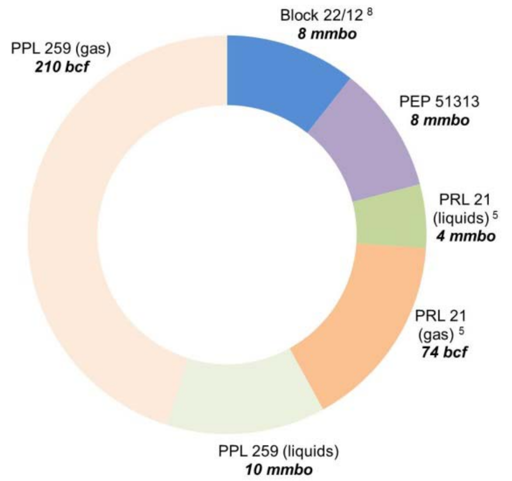
Total: 13.7 mmboe

CONTINGENT RESOURCES
Proven + Probable



Total: 87.1 mmboe
including 400 bcf

PROSPECTIVE RESOURCES
Best Estimate



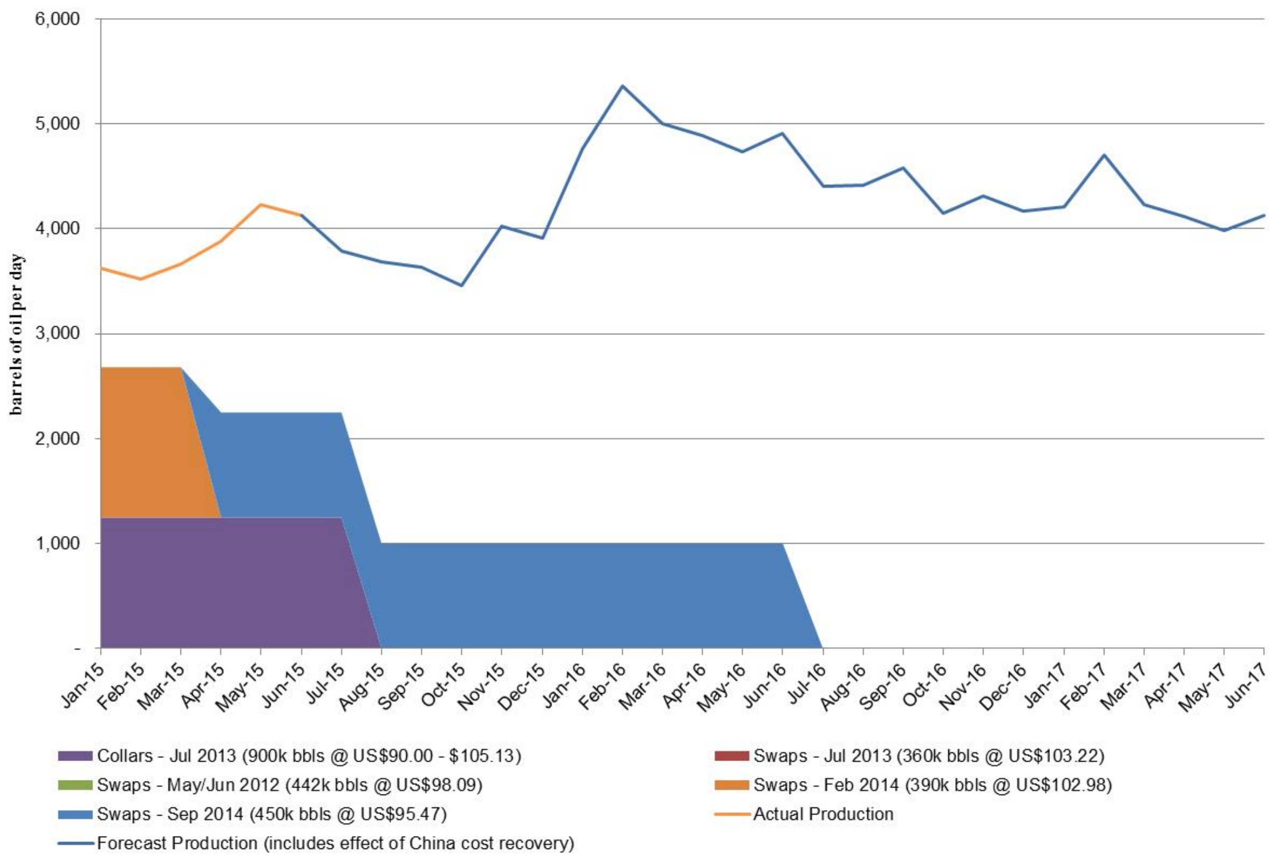
Total: 78 mmboe
Including 286 bcf

- Long life of reserves and contingent resources – 100.8 mmboe (liquids 34% / gas 66%), estimated production for 30 years
- Reserves and Contingent Resources position 6 mmboe higher than comparable period last year, inclusive of production during the year due to reserves addition in China and resource addition in PNG and China
- Prospective Resources – 78 mmboe

[1] Estimated in accordance with SPE-PRMS standard; 6 bcf gas equals 1 boe; 1 bbl condensate equals 1 boe
[2] Net of production of 27 mmbo gross through 30 June 2015
[3] Net of production of 9 mmbo gross through 30 June 2015
[4] Reduced to allow for CNOOC participation at 51%
[5] Subject to reduction to allow for PNG State Nominee participation at 22.5%
[6] Includes 2.6 mmbbl LPG (1 tonne LPG equals 11 bbl)
[7] Includes 9.0 mmbbl LPG
[8] Subject to confirmation of acreage extension

Hedging position and risk management

Oil price hedge profile



- 397,500 bbls hedged through remainder 2015 to mid 2016 at average of over US$94/barrel
- Oil price hedging program protects revenue by mitigating the effect of low oil prices
- Oil production from multiple fields (currently 1 in New Zealand and 2 in China) reduces production risk
- Loss of Production Insurance policies in place for Maari and Beibu Gulf fields
- Longer term, gas sales will reduce reliance on oil price

Outlook for the next 12 months

Corporate Outlook

- Barring unforeseen events, operating cashflows expected to be substantially maintained notwithstanding lower oil prices, following successful completion of the Maari Growth Projects, and forecast increase in China production entitlement through cost recovery, combined with a strong hedge position
- Cash on hand, existing debt (including additional proposed debt capacity, if required, under the “accordion” tranche of facility) and surplus reserves from operations expected to fund the Convertible Bond redemption in June 2016
- Forecast YoY reduction in capex and G&A of almost 50% for FY 2016 with target capex/G&A of <US$50 m

Maari/Manaia and PEP 51313, offshore New Zealand

- Optimisation of oil production through workover program following the successful completion of the Maari Growth Projects
- Finalise insurance recoveries in relation to 2013 field shut-in associated with facility repairs and equipment upgrades

Block 22/12, offshore China

- Drill the 12-10-2 A6H appraisal well in the discovered WZ 12-10-2 field, and complete as a producer. Continue to progress plan for integration of WZ 12-10-1 and WZ 12-10-2 discoveries (7.1 mmbo gross, 1.9 mmbo net) into the proposed WZ 12-8E development and existing WZ 12-8W facilities respectively
- Progress Beibu Gulf fields Phase II development plan for the WZ 12-8E field (10.5 mmbo gross, 2.8 mmbo net), with aim for submission of Overall Development Plan late 2015/early 2016

PDL 10 (Stanley), PRL 21 (Elevala/Tingu/Ketu) and onshore Papua New Guinea

- Process results following successful development drilling program at Stanley and progress Value Engineering review process to ensure optimisation of project design, execution and timing of proposed development
- Progress arrangements for sales of Stanley gas to regional PNG industrial consumers
- Progress towards Final Investment Decision in PRL 21, with internal Value Engineering review underway
- Conduct feasibility study for a Western Province-based greenfield mid-scale LNG project in partnership with Osaka Gas, while monitoring brownfield LNG development opportunities in the region